

**HOPE for the
Homeless, Inc.**



Reviewed Financial Statements

Years Ended December 31, 2012 and 2011

HOPE for the Homeless, Inc.

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Independent Accountant's Review Report

To the Board of Directors
HOPE for the Homeless, Inc.
Shreveport, Louisiana

I have reviewed the accompanying statements of financial position of HOPE for the Homeless, Inc. ("The Organization") as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statement as a whole. Accordingly, I do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and presentation of the financial statements.

My responsibility is to conduct the reviews in accordance with Statements for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my reviews, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

James K. McClelland, CPA LLC

Shreveport, Louisiana
July 5, 2013

HOPE for the Homeless, Inc.

Statements of Financial Position

<i>December 31,</i>	2012	2011
Assets		
Current assets:		
Cash	\$ 733	\$11,490
Accounts receivable	14,398	22,115
Grants and contributions receivable	59,057	8,688
Total current assets	74,188	42,293
Property and equipment, net (Note 2)	304,550	11,521
Property held for future development or donation	15,000	15,000
Total Assets	\$393,738	\$68,814
Liabilities and Net Assets		
Liabilities (all current):		
Checks issued against future deposits	\$ 17,642	\$ -
Accounts payable and accrued expenses	9,079	6,387
Total liabilities – all current	26,721	6,387
Net assets:		
Temporarily restricted	245,157	-
Unrestricted	121,860	62,427
Total net assets	367,017	62,427
Total Liabilities and Net Assets	\$393,738	\$68,814

See accompanying independent accountant's review report, summary of significant accounting policies and notes to financial statements.

HOPE for the Homeless, Inc.

Statements of Activities

<i>Years Ended December 31,</i>	2012	2011
Unrestricted net assets		
Unrestricted revenues and other support:		
Contractual revenue-grants (Note 1)	\$171,549	\$189,292
Service fees	69,067	62,446
In-kind donation	50,000	26,300
Contributions	42,020	35,406
United Way allocation	15,000	-
Special events - fundraising	2,190	56,022
Other	1,155	379
Total unrestricted revenues and other support	350,981	369,845
Expenses:		
Salary and benefits	220,210	201,691
Office supplies and expense	11,963	9,576
Special events	11,542	52,718
Travel and conference	10,763	10,177
Group insurance	8,183	6,897
Professional services	7,400	7,113
Assistance	5,716	9,547
Insurance	5,569	8,692
Depreciation and amortization	3,256	1,469
Repairs and maintenance	2,416	2,719
Other	2,137	1,152
Board meetings	1,973	4,101
Website	420	3,344
Donations	-	11,300
Total expenses	291,548	330,496
Increase in unrestricted net assets	59,433	39,349

(Continued)

HOPE for the Homeless, Inc.

Statements of Activities (Concluded)

<i>Years Ended December 31,</i>	2012	2011
Temporarily restricted net assets		
Grant revenue (Note 1)	\$245,157	\$ -
Increase in temporarily restricted net assets	245,157	-
Increase in net assets	304,590	39,349
Net assets - beginning of year	\$ 62,427	\$ 23,078
Net assets - end of year	\$367,017	\$ 62,427

See accompanying independent accountant's review report, summary of significant accounting policies and notes to financial statements.

HOPE for the Homeless, Inc.

Statements of Cash Flows

<i>Years Ended December 31,</i>	2012	2011
Cash flows from operating activities:		
Change in net assets	\$ 304,590	\$ 39,349
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Noncash contributions, net of noncash donations	(50,000)	(15,000)
Depreciation expense	3,256	1,469
Grants restricted for long-term purposes	(245,157)	-
Changes in operating assets and liabilities:		
Change in receivables	(10,253)	(2,363)
Change in checks issued against future deposits	17,642	-
Change in accounts payable and accrued expenses	2,692	(10,118)
Net cash provided by operating activities	22,770	13,337
Cash flows from investing activities -		
Purchase of property and equipment	(246,285)	(12,990)
Collections on contributions restricted for long-term purposes	212,758	-
Net cash used by investing activities	(33,527)	(12,990)
Net increase (decrease) in cash	(10,757)	347
Cash at beginning of year	11,490	11,143
Cash at end of year	\$ 733	\$ 11,490

See accompanying independent accountant's review report, summary of significant accounting policies and notes to financial statements.

HOPE for the Homeless, Inc.

Summary of Significant Accounting Policies

Nature of Activities

HOPE for the Homeless, Inc. (HOPE), is a nonprofit corporation organized under the laws of the State of Louisiana. HOPE was established to help meet the housing and service needs of the homeless in Northwest Louisiana, and help transition them to self sufficiency. Substantially all of HOPE's revenue is from grants provided by the State of Louisiana, local government grants, membership and service fees, and donations.

Basis of Accounting

The financial statements of HOPE have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Concentrations of Credit Risk

The majority of HOPE's revenue comes from State of Louisiana grants, local grants and service fees paid by local agencies. HOPE is therefore heavily dependent on the State and local government for its operations.

Income Tax Status

As a nonprofit organization, HOPE is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, but must file an annual return with the Internal Revenue Service that contains information on its financial operations. HOPE is required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it continues to qualify as a tax exempt entity. It must also assess whether it has any tax positions associated with unrelated business income subject to income tax. HOPE does not expect any of its tax positions to change significantly over the next twelve months. Any penalties related to late filings or other requirements would be recognized as penalties expense in HOPE's accounting records.

HOPE is required to file U.S. Federal Form 990 for informational purposes. Its Federal income tax filings for the tax years ended 2010 and beyond remain subject to examination by the Internal Revenue Service

HOPE for the Homeless, Inc.

Summary of Significant Accounting Policies

(Continued)

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates. Significant estimates made by management are the collectability of recorded receivables and the useful lives of property and equipment.

Cash and Cash Equivalents

HOPE's cash, as stated for cash flow purposes, consists of cash on hand and in demand deposits with financial institutions.

Property and Equipment

Property and equipment are stated at cost if purchased, or fair value if donated. Management's policy is to capitalize assets with useful lives greater than one year, regardless of cost. Depreciation and amortization are calculated using the straight-line method over the useful lives of the assets, ranging from three to forty years.

Revenue and Support

Contributions received may be recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/ or nature of any donor restrictions.

Contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

HOPE for the Homeless, Inc.

Summary of Significant Accounting Policies (Concluded)

Compensated Absences

Full-time employees begin to earn general leave after six month's employment. Annual leave allowances range from 80 hours per year for employees with less than five years of service to 160 hours per year for employees with over 10 years of service. An employee may accumulate no more than 160 hours annual leave.

Accounts Receivable

Accounts receivable are presented in the accompanying financial statement net of any allowance for doubtful accounts. At such time as a customer account becomes totally worthless, the account is written off as a charge against the allowance for doubtful accounts. Management periodically reviews past due accounts to determine if circumstances indicate that all, or a portion, of a customer account will not be collectible. Based on this assessment, management reserves that portion of the receivable deemed to be uncollectible. At December 31, 2012 and 2011, no allowance for doubtful accounts was recorded.

Subsequent Events

Management evaluated events subsequent to the Organization's most recent year end through July 5, 2013, the financial statement issuance date.

HOPE for the Homeless, Inc.

Notes to Financial Statements

1. Revenue and Support

During the year ended December 31, 2012, HOPE received contractual revenue from state grants in the amount of \$143,398. Additionally, HOPE received funding totaling \$28,151 from the United States Department of Housing and Urban Development. The continued existence of these funds is based on periodic contract renewals with various funding sources; amounts renewed may differ significantly from those in existence at December 31, 2012. All revenue from these grants is subject to audit and retroactive adjustment by the respective third-party fiscal intermediaries; adjustments in future periods may be necessary as final grant settlements are determined. Such grant revenue is summarized as follows:

	2012	2011
Louisiana Department of Health and Hospitals	\$143,398	\$155,205
U.S. Department of Housing and Urban Development	28,151	34,087
	\$171,549	\$189,292

In addition to operating grants, HOPE received \$245,157 in funding for the acquisition and remodeling of a new building under a grant from the City of Shreveport. The maximum amount of the grant is \$300,000 provided HOPE completes the building project by December 31, 2013. As of December 31, 2012, HOPE had collected \$212,758 of the total \$245,157 billed under the grant for the year ended December 31, 2012.

HOPE for the Homeless, Inc.

Notes to Financial Statements (Concluded)

2. Property and Equipment - (continued)

The major classifications of property and equipment as of December 31, 2012 and 2011 were as follows:

	2012	2011
Construction in progress	\$293,199	\$ -
Equipment	11,111	8,853
Leasehold improvements	3,864	3,864
Furniture and fixtures	1,101	273
	309,275	12,990
Accumulated depreciation and amortization	(4,725)	(1,469)
Property and equipment, net	\$304,550	\$11,521

Depreciation and amortization expense for property and equipment totaled \$3,256 and \$1,469 for the years ended December 31, 2012 and 2011, respectively.

3. Temporarily Restricted Net Assets

Temporarily restricted net assets represent the portion of construction in progress funded by the grant with the City of Shreveport (the "Grant"). Pursuant to the terms of the Grant, should the property acquired with Grant funds be disposed of within five years of the Grant closeout, a portion of the proceeds on the disposition of the building would be payable to the City of Shreveport.

Supplemental Material

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Directors
 HOPE for the Homeless, Inc.
 Shreveport, Louisiana

I have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of HOPE for the Homeless, Inc. (HOPE) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about HOPE's compliance with certain laws and regulations during the year ended December 31, 2012 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Federal and State Awards

1. Determine the amount of federal, state and local award expenditures for the fiscal year, by grant, and grant year.

HOPE's federal and state award expenditures for all programs for the fiscal year follow:

Award	Grant Year	Amount
Louisiana Department of Health and Hospitals, Office of Behavioral Health	7/1/11 – 6/30/12	\$ 72,405
Louisiana Department of Health and Hospitals, Office of Behavioral Health	7/1/12 – 6/30/13	70,992
United States Department of Housing and Urban Development	7/1/11 – 6/30/12	13,836
United States Department of Housing and Urban Development	7/1/12 – 6/30/13	14,315
City of Shreveport pass through of Community Development Block Grant Funds	9/6/12 - 12/31/13	245,157
Total expenditures		\$416,705

2. For the Louisiana Department of Health and Hospitals, Office of Behavioral Health awards, I randomly selected six disbursements during the year ended December 31, 2012. For United States Department of Health and Urban Development awards, I selected all payroll expenditures. For the City of Shreveport award, I selected all expenditures.
3. For the items selected in Procedure 2, I traced the disbursements to supporting documentation as to proper amount and payee.

I examined supporting documentation for each of the selected disbursements and found that payment was for the proper amount and made to the correct payee.

4. For the items selected in Procedure 2, I determined if the disbursements were properly coded to the correct fund and general ledger account.

All payments were properly coded to the correct fund and general ledger account.

5. For the items selected in Procedure 2, I determined whether the disbursements received approval from proper authorities.

All items were properly approved.

6. For the items selected in Procedure 2, I determined whether the disbursements complied with the grant agreement, relating to:

Activities allowed or unallowed - I reviewed the previously listed disbursements for types of services allowed or not allowed. All disbursements complied with the allowability requirements.

Eligibility - I reviewed the previously listed disbursements for eligibility requirements. When applicable, all disbursements complied with the eligibility requirements.

Reporting - I reviewed the previously listed disbursements for reporting requirements. When applicable, all disbursements complied with reporting requirements.

Meetings

7. I examined evidence indicating that agendas for meetings recorded in the minute book were posted as required by LSA-RS 42:1 through 42:12.

HOPE posts a notice of each board or membership meeting on its website, and notifies by e-mail all interested nonprofits and public entities in North Louisiana of scheduled meetings.

Comprehensive Budget

8. For all grants exceeding five thousand dollars, I determined that each applicable federal or state grantor agency was provided with a comprehensive budget of those grants that included the purpose and duration.

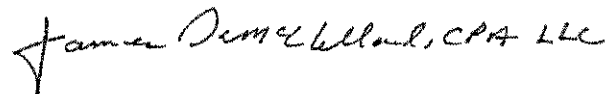
HOPE provided comprehensive budgets to the applicable state and local grantor agencies for the programs mentioned previously. These budgets specified the anticipated uses of the funds, estimates of the duration of the projects, and plans showing specific goals and objectives that included measures of performance.

Prior Comments and Recommendations

9. I reviewed any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved. The resolution of these matters is included in the Schedule of Prior Year's Findings.

I was not engaged to, and did not; perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of HOPE for the Homeless, Inc., the Legislative Auditor (State of Louisiana), and the applicable state grantor agencies, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Certified Public Accountant

Shreveport, Louisiana
July 5, 2013

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Agencies)

June 28, 2013

James K. McClelland, CPA LLC
8585 Business Park Drive
Shreveport, Louisiana 71105

In connection with your review of our financial statements as of December 31, 2011 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of June 28, 2013

Federal, State, and Local Awards

We have detailed for you the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes ☒ No ☐

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes ☒ No ☐

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes ☒ No ☐

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes ☒ No ☐

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:1 through 42:13 (the open meetings law).

Yes ☒ No ☐

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes ☒ No ☐

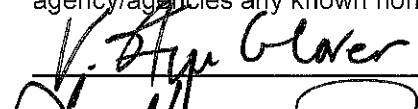
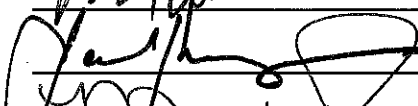
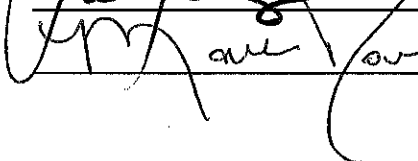
Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

	Secretary	6/28/13	Date
	Treasurer	9/28/13	Date
	President	9/28/13	Date

HOPE for the Homeless, Inc.

Schedule of Findings and Responses

Year Ended December 31, 2012

No current year findings

HOPE for the Homeless, Inc.

Schedule of Prior Year's Findings

Year Ended December 31, 2011

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken
2011-01	2011	Timely filing of financial statements	Corrected